

Preliminary Draft Update of Act 40 (2015) Section 10(a) Legislative Report Transportation Revenue Options

Revenue Option	Existing	Revenue Potential
<i>Existing Fees & Taxes</i>		
Vehicle Inspection Fees (subset of DMV fees)	\$6 per inspection	\$544,887 for every \$1 increase
Vehicle Rental Tax	9% (6% for transportation)	\$349,673 for every 1% increase
DMV Fees	\$87,586,702	\$875,867 for each 1% increase
Heavy Vehicle Registration Fees (subset of DMV fees)	Up to \$4,628.50	\$50,587 for every \$1 increase
Truck Gross Vehicle Weight Registration Fees (subset of DMV fees)	Requires further research and modeling	Requires further research and modeling
Light-Duty Diesel-Gasoline Registration Fee Parity	No longer applicable	No longer applicable
Vanity Plate fees (subset of DMV fees)	\$48	\$19,511 for every \$1 increase
Safety Violation Fines	variable	\$21,445 for every 1% increase
Purchase & Use Tax	6% (2% to Education Fund, 4% to T-Fund)	\$22,343,282 for every 1% increase (assuming all of the increase is dedicated to the Transportation Fund)
Reduction in P&U Allocation to Ed. Fund	\$44,686,565	\$22,343,282 for every 1% reduction
Reduction in Allocation to Dept. of Public Safety	\$20,250,000	\$202,500 for every 1% reduction
<i>Other User Fees & Taxes</i>		
Vehicle Lease Fee	None	\$120,360 for every \$1 charged
Ad Valorem (property tax)	Requires further research and modeling	Requires further research and modeling
Auto Parts Allocation to T-Fund	None	\$1,861,677 for every 1% reallocated
Auto insurance Allocation to T-Fund	None	\$1,659,788 for every 1% allocated
Bicycle Registration Fees	None	\$190,000 for each \$1 charged
Electric Vehicle Fees	None	\$6,585 for each \$1 charged in additional registration fees
VMT Fees	None	\$53,915,400 for every 1 cent of vehicle miles traveled
<i>Other Broad-Based Fees & Taxes</i>		
General Fund Allocation to T-Fund	None	\$24,336,000 for every 1% allocated
Sales Tax Allocation to T-Fund (subset of General Fund)	None	\$5,076,000 for every 1% allocated

Notes

Prepared at the request of the House Committee on Transportation.

Base data source indicated. All calculations undertaken by AOT.

Preliminary numbers; may be subject to revision.

All data from SFY21 unless otherwise noted.

COVID-19 may distort SFY 21 data and not reflect historic revenue trends.

Does not make assumptions on the legality of options based on state taxation compacts or federal interstate commerce laws.

Does not make assumptions about price elasticities and impacts to demand from fees and taxes (i.e., charging a bicycle registration fee may reduce bicycle sales, increasing heavy vehicle registration fees may result in registrations occurring in neighboring states, etc.).

Calculations

Vehicle Inspection Fees: \$6 per inspection x 544,887 vehicles inspected = \$3,269,322 in revenue. Each additional \$1 inspection fee = \$544,887. Data source: DMV

Vehicle Rental Tax: 9% total tax split between the Transportation Fund (6%) and the Education Fund (3%). Total revenue = \$3,147,057 with \$2,098,038 to the Transportation Fund. Each 1% increase = \$349,673 to the Transportation Fund ($\$3,147,057 / 9 = \$349,673$). Data source: DMV

Department of Motor Vehicle Fees: Total revenue = \$87,586,702. Each 1% increase = \$875,867. Data source: Vermont Joint Fiscal Office, *January 2022 Transportation Revenue Detail*, <https://ljfo.vermont.gov/assets/Subjects/Monthly-Data/99102911c8/Transportation-Fund-Revenues-Monthly-Jan-2022.xlsx>

Heavy Vehicle Registration Fees: 50,587 total heavy vehicles registered over 6,099lbs which pay different registration fees based on weight and engine type (<https://dmv.vermont.gov/registrations/fees/truck-fees>). Each \$1 increase = \$50,587.

Truck Gross Vehicle Weight Registration Fees: Further research and modeling required.

Light-Duty Diesel-Gasoline Vehicle Registration Fee Parity: No longer applicable as light-duty gasoline and diesel vehicles pay the same registration fee. Data source: DMV, <https://dmv.vermont.gov/registrations/fees/truck-fees>

Vanity Plate Fees: 19,511 x \$48 per vanity plate = \$936,528 in revenue. Each \$1 increase = \$19,511. Data source: DMV

Safety Violation Fees: \$2,144,539 in safety violation fee revenue. Each 1% increase = \$21,445. Data source: AOT Finance & Administration.

Purchase & Use Taxes: Two-thirds of all P&U taxes are allocated to the Transportation Fund and one third to the Education Fund. \$89,373,130 in revenue to the Transportation Fund. Each 1% increase = \$22,343,282. Data source: Vermont Joint Fiscal Office, *January 2022 Transportation Revenue Detail*, <https://ljfo.vermont.gov/assets/Subjects/Monthly-Data/99102911c8/Transportation-Fund-Revenues-Monthly-Jan-2022.xlsx>

Reduction in P&U Allocation to Education Fund: Each 1% reallocated to the Transportation Fund = \$22,343,282. Data source: Vermont Joint Fiscal Office, *January 2022 Transportation Revenue Detail*, <https://ljfo.vermont.gov/assets/Subjects/Monthly-Data/99102911c8/Transportation-Fund-Revenues-Monthly-Jan-2022.xlsx>

Reduction in Transportation Fund Allocation to the Department of Public Safety: \$20,250,000 in Transportation Funds transferred. Each 1% reallocated to the Transportation Fund = \$202,500. Data source: AOT Finance & Administration

Vehicle Lease Fee: 120,360 total vehicle leases. Each \$1 in fees = \$120,360. Data source: DMV.

Ad Valorem Fees: Further research and modeling required.

Auto Parts Tax Allocation to the Transportation Fund: Calculated as Vermont's population portion of national retail sales using NAICS Code 4413 Automotive parts, access., and tire stores. \$97,983,000,000 total sales nationally x 0.19% (Vermont's proportion of the national population) = \$186,167,062 in sales x 6% sales tax = \$11,170,062. Each 1% reallocated to the Transportation fund = \$1,861,677. Data source: U.S Census Bureau, Annual Retail Trade Survey: 2020, <https://www.census.gov/data/tables/2020/econ/arts/annual-report.html>

Auto Insurance Taxes Allocated to the T-Fund: \$165,978,834 in Liability Written Premiums x 6% tax = \$9,958,730. Each 1% reallocated = \$1,659,788. Data source: National Association of Insurance Commissioners, *2018/2019 Auto Insurance Database Report*, p.17 <https://content.naic.org/sites/default/files/publication-aut-pb-auto-insurance-database.pdf>.

Bicycle Registration Fees: 100,000,000 bicycles nationally x 0.19% (Vermont's proportion of the national population) = 190,000. Each \$1 dollar in registration fees = \$190,000. Data source: Bicycle Guider (2022) <https://www.bicycle-guider.com/bike-facts-stats/>.

Electric Vehicle Fees: 6,585 total electric vehicles (as of February 2022). Each \$1 in additional registration fees = \$6,585. Date source: Drive Electric Vermont, <https://www.driveselectricvt.com/>.

Vehicle Miles Traveled Fee: 5,990,600,000 VMT - 599,060,000 (10% out-of-state) = 5,391,540,000 VMT x 1 cent per vehicle miles traveled = \$53,915,400. Data source: AOT Office of Highway Safety, *2020 Statewide VMT by Functional Class*, https://vtrans.vermont.gov/sites/aot/files/highway/documents/highway/MI_VMT_2020.pdf

General Fund Revenues Allocation to T-Fund: General Fund revenue = \$2,433,600,000. Each 1% reallocated to transportation = \$24,336,000. Data source: *January 2022 Economic Review and Revenue Forecast Update - Revised January 15, 2022*, p.13, <https://ljfo.vermont.gov/assets/Uploads/7d2ac79b4a/January-2022-Economic-Review-and-Revenue-Forecast-Update-Revised-January-15-2022.pdf>

Sales & Use Tax Allocation to T-Fund: Sales tax revenue = \$507,600,000. Each 1% reallocated to transportation = \$5,076,000. Data source: *January 2022 Economic Review and Revenue Forecast Update - Revised January 15, 2022*, p.13, <https://lifo.vermont.gov/assets/Uploads/7d2ac79b4a/January-2022-Economic-Review-and-Revenue-Forecast-Update-Revised-January-15-2022.pdf>

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